

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Application)	
)	
of)	
)	Docket No. 2009-0048
MOLOKAI PUBLIC UTILITIES, INC.)	
)	
For review and approval of rate)	
increases; revised rate schedules;)	
and revised rules.)	
)	

**MOLOKAI PUBLIC UTILITIES, INC.'S RESPONSES
TO WEST MOLOKAI ASSOCIATION'S INFORMATION REQUESTS
REGARDING MPUI'S REBUTTAL TESTIMONIES AND EXHIBITS**

and

CERTIFICATE OF SERVICE

FILED
2010 FEB 24 P 4:30
PUBLIC UTILITIES
COMMISSION

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INC.

BEFORE THE PUBLIC UTILITIES COMMISSION
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COMES NOW, MOLOKAI PUBLIC UTILITIES, INC. ("MPUI"), by and through its attorneys, Morihara Lau & Fong LLP, hereby submits its Responses to West Molokai Association's Information Requests Regarding MPUI's Rebuttal Testimonies and Exhibits consistent with the Stipulated Regulatory Schedule (Exhibit "A") approved in the Order Approving Proposed Procedural Order, as Modified, filed on November 6, 2009.

DATED: Honolulu, Hawaii, February 24, 2010.



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INC.

MOLOKAI PUBLIC UTILITIES, INC.'S RESPONSES
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WMA-IR-MPRT-101 In reference to Exhibit MPU-R-6, p.3, MPUI's "percent of production," and "percent of sales," are based upon the "total water pumped [from Well No. 17]. A significant amount of water used by MPUI for its utility operations has surface water as its source. What is the amount of surface water used by MPUI for its service area, for years 2006, 2007, 2008, and 2009, if known to MPUI?

RESPONSE: MPU does not use surface water as its source. Well 17 water, which is potable at the source, is transported through the MIS and through an open reservoir. The Well 17 water is eventually mixed with mountain water in the open reservoir adjacent to the Puu'nana Treatment Plant. Following treatment, the water is used to provide service to MPUI and to Waiola O Molokai ("WOM") and its customers. The amount of mountain water provided has been provided in response to WMA-IR-119.

SPONSOR: Robert O'Brien

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WMA-IR-MPRT-102

On p. 15 of MPUI's Rebuttal Testimony, it is stated that "the company, since the last rate case has made improvements in its operations and treatment processes and has reduced the lost and unaccounted for water and also reduced the water used in the water treatment process." Please disclose MPUI's estimated (a) amounts of water saved (i.e. reduction in lost water), (b) amount of reduction in unaccounted for water, and (c) the amount of reduction of water used in the water treatment process, in terms of thousands of gallons (TG), by year, for years 2006, 2007, 2008, and 2009.

RESPONSE:

The Company has not made such estimates and therefore cannot provide the information requested.

SPONSOR:

Robert O'Brien

MOLOKAI PUBLIC UTILITIES, INC.'S RESPONSES
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WMA-IR-MPRT-103

In MPUI's Rebuttal Testimony (pp. 40-41), it is stated that the company's situation is now "normalized" and that there is "no excess capacity." In furtherance of that statement please respond to the following:

- a. How does the company propose to recover plant costs and fixed costs (i.e. costs which are embedded and cannot be reduced over a short-term) for plant and facilities dedicated to serving the golf course, the hotel, and other currently non-operating facilities in MPUI's service area.

RESPONSE:

The Company does not have any facilities included in its net plant or rate base that are dedicated to providing service to specific customers. Therefore there would be no need to recover dedicated facilities.

- b. Confirm that the current rate design was approved by the Commission for a situation where the golf course and the hotel were operating and were a normal part of the demand for utility water services.

RESPONSE:

The current rate design has been in place for nearly seven (7) years. The Commission approved a

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WMA-IR-MPRT-103 (cont.)

settlement in Docket No. 02-0371 which implemented an across the board increase in rates effective July 24, 2003. At that time the Company was providing service to the golf course and the hotel.

- c. Confirm that the current rate design effective prospectively, would place the burden of paying for that portion of fixed costs previously partially borne by the hotel and the golf course, onto the remaining MPUI customers.

RESPONSE:

The statement is confirmed.

- d. In rate making, is it correct that shareholders bear the risks and the rewards of their investments in utility facilities?

RESPONSE:

That is one of the many components of ratemaking.

One of the many others is that the utility

(shareholders) are required to provide service to all

customers within its service territory and one of the

roles of the Commission is to ensure that all

customers within the service territory will be provided

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WMA-IR-MPRT-103 (cont.)

service. Once the utility fulfils its obligation to provide service, it is entitled to an opportunity to earn a fair return on the investment it made to provide the service. The customers of the utility are obligated to provide that opportunity for the fair return, which is also part of the components of ratemaking.

SPONSOR: Robert O'Brien

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WMA-IR-MPRT-104

If MPUI were to undertake a cost of service study by "Innovative Regulatory Solutions, LLC" (solely owned by witness O'Brien), what is the estimated total cost of such a "cost of service" study?

- a. In order to complete such a "cost of service" study, with reliable recommendations, how long and how much would the data collection aspects of the initial phase of the "cost of service study" take, in terms of time and in terms of dollar costs? (Include in this figure the installation of equipment such as meters, pressure valves, wiers, leak detection equipment, etc. being specific as to the costs of each category of items.)

RESPONSE:

The Company has not requested Mr. O'Brien to provide an estimate for a total cost of service study ("COSS") nor has the Company requested bids from other contractors to propose a total cost of service study and therefore cannot provide an estimate of the cost at this time. The Company has been advised by

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WMA-IR-MPRT-104 (cont.)

Mr. O'Brien that he would not be available to conduct
a total COSS.

- b. For purposes of the analysis of data, please state
what methodology would be employed by Innovative
Regulatory Solutions, Inc., in doing such a study.
(Please provide an estimate of the costs of the
analysis and preparation of the final report, in terms of
dollars and in terms of time requirements.)

RESPONSE: See response to part "a" above.

SPONSOR: Robert O'Brien

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WMA-IR-MPRT-105

In p. 27 through 31 of MPUI's rebuttal testimony, MPU has attempted to justify its \$377,383 expenditure for legal and regulatory costs (including a \$23,665 expense for an audit) as being a reasonable amount, to be amortized over three years, for regulatory expenses. Please respond to the following:

- a. Based on expert witness O'Brien's experience with presenting testimony in over 200 proceedings before state regulatory commissions, specify each proceeding – by State and Docket Number – wherein the annual regulatory expense exceeded 10% of the requested revenue requirement
 $(\$125,794/\$1,196,374 = 10.5\%)$.

RESPONSE:

MPU objects to responding to this request on the basis that it is unduly burdensome and the data is not readily available. In addition, Mr. O'Brien may not have had the scope of involvement in such proceedings to have access to such information

- b. In all of the 200-plus cases that expert witness O'Brien has testified, please have him identify – by

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WMA-IR-MPRT-105 (cont.)

Docket No. and State – where the recommended regulatory expense was greater than 10% of either net plant (here, \$1,017,583) or the average rate base (here, \$1,190,062)? If available, for each case, disclose the number of intervenors in each such case.

RESPONSE:

See response to part "a" above.

SPONSOR:

Robert O'Brien

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WMA-IR-MPRT-106 On p. 41 of MPU's testimony, it states that dealing with excess capacity by either "a reduction to rate base" or the "disallowance of a rate of return," would be unfair, in what manner does MPU propose to deal with the situation which is equally or more grossly unfair to the remaining existing customers of MPU to bear the full costs of the plant constructed and the leases entered into to operate a water system where one half of the demand for the utility system's water has been suddenly eliminated due to a company affiliated with the water utility company?

RESPONSE: See response to CA-RIR-6f for possible alternatives to charging the customers for the full cost of service under the conditions described above.

SPONSOR: Robert O'Brien

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WMA-IR-MPRT-107

On p. 45 MPUI's sole witness in this proceeding states,
"While I am not an engineer or a utility operator, based on
conversations with company personnel and observations at
other small utilities in Hawaii, I think that MPUI's service and
facilities are equal to those other companies."

- a. Will MPUI be sponsoring a witness who is qualified
either as an engineer or a utility operator, to answer
questions with regard to MPUI's services and facilities
being equal to those of other companies, with regard
to operations or engineering?

RESPONSE:

That decision of whether an engineer or utility
operator needs to be a witness in this proceeding has
not yet been made. That decision is dependent on
what issues, if any, are settled, or facts stipulated to,
or formal or informal discussions and agreements
reached between the parties from now and until any
evidentiary hearing. Moreover, the specific question
raised by WMA does not appear to be within the
scope of the issues set forth in the Prehearing Order

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WMA-IR-MPRT-107 (cont.)

approved by the Commission and, therefore, would
be irrelevant.

- b. If so, who is that witness? If not, what testimony
supports MPUI's proposition that its service and
facilities comply with utility industry standards?

RESPONSE: See response to part "a" above.

SPONSOR: Robert O'Brien

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WMA-IR-MPRT-108

On p. 46 of MPUI's testimony it is contended that WMA's Exhibit 204 is a similar analysis to the water loss analysis set forth in MPU-R-6, page 3.

- a. If so, please explain the differences in the calculation of fuel expenses (incurred at Well No. 17) and electric expenses (incurred at pumping stations) being so different.

RESPONSE:

The difference is likely caused by the fact that the analysis in Exhibit 204 does not recognize the water used in the backwash activity and also that the calculation of the fuel expense uses a different cost per gallon of fuel and there are also differences in the kWh sales levels between the two calculations. There are no electric expenses shown on Exhibit 204 or on Exhibit MPU-R-6, page 3 so no comparison can be made.

- b. Isn't it arithmetically correct that if only 10% of the water from Well No. 17 was lost or unaccounted for, that the cost of energy (electric and diesel fuel) would

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WMA-IR-MPRT-108 (cont.)

be as computed in Exhibits WMA-205 and 206, and
not the figure computed on your MPU-R-6?

RESPONSE:

No, it is not. The cost would also vary based on the
number of gallons of water sold and the price
assigned to the electric usage.

SPONSOR:

Robert O'Brien

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WMA-IR-MPRT-109

On page 50, lines 14 to 16, MPUI states the contingency factor was increased from 10 percent to 15 percent, to reflect the significant amount of driving required by field employees in performing their normal activities. Please provide the basis for the 5 percent increase.

RESPONSE:

The employees must travel to various sites and locations in the Company's service territory which, in many cases, can be located a considerable distance from each other. For example, the distance between Well 17 and the Puu'nana treatment plant is considerable. Additionally, traveling through the service area may involve traveling "off road", which requires substantially more time than driving on a paved road. Based on discussions with Mr. Rex Kamakana, who is in charge of the operations and maintenance for the Company, while he believed the other estimates, as adjusted, were reasonable he also believed that the contingency should be increased mainly because of the travel time.

SPONSOR:

Robert O'Brien

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WMA-IR-MPRT-110

Re: Exhibit MPU-R-11, page 4 of 4: Summary of the Job Descriptions and Activity Hours. Please designate which employee or employees numbered 1 to 7 (as shown on Exhibit MPU-R-11 page 2 of 4) will perform the duties for each job description shown on Exhibit MPU-R-11, lines 1 to 9.

RESPONSE:

MPU is a small utility with limited resources. As a result, with the exception of the water treatment plant operator position (which requires certification and licensing by the State of Hawaii), all employees are cross-trained to perform all of the duties for the listed job descriptions. The licensed water treatment plant operator is also cross-trained to perform many of the duties for the listed job descriptions.

SPONSOR:

Robert O'Brien

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WMA-IR-MPRT-111 On page 52, line 22 and page 53, lines 1 to 2, MPUI states that "active intervention" has caused substantial increases in rate case costs. Because "active intervention" is abnormal – at least historically, for MPUI – isn't it proper to disallow the \$125,000-plus amount as an abnormal operating expense?

RESPONSE: No, it is not. A utility is entitled to recover its reasonably incurred expenses, including the costs of the regulatory process. If activities during that process increase the costs, the utility should be allowed to recover those increased costs.

SPONSOR: Robert O'Brien

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WMA-IR-MPRT-112

On page 53, MPUI proposes a three-year rate case amortization. Please confirm the fact that implementation of fuel and power adjustment clauses will lessen the frequency of rate cases, and thus extend the duration of time between rate cases.

RESPONSE:

While it is confirmed that the implementation of the fuel and power adjustment clauses should lessen the frequency of rate cases, the implementation of those clauses was requested by the Company and was taken into consideration when the amortization period of three years was recommended.

SPONSOR:

Robert O'Brien

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WMA-IR-MPRT-113 Is the following statement found on page 54, lines 4 to 9, MPUI's position or its expert's opinion: "I believe the Commission should require the Company to provide its actual expenses at the end of the hearing process with an estimate for the briefing activity if required by the Commission and that those total expenses should be amortized over a three-year period. As of today, as shown on Exhibit MPU-R-9, those total costs are estimated to be \$377,383 and the annual amortization is \$125,794."

RESPONSE: The statement is the Company's position and also the opinion of Mr. O'Brien.

Is it MPU's position that MPUI seeks to recover all of MPU's actual costs incurred in this rate proceeding, regardless of whether the expense is a normal expense or an abnormally large actual expense?

RESPONSE: It is the Company's position that all of its expenses incurred in this proceeding are "normal" for this case and should be recovered. See also the Company's response to WMA-IR-MPRT-111. In other cases, such as those shown on Exhibit MPU-R-10 where active intervention was not involved, the

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WMA-IR-MPRT-113 (cont.)

normal expenses were lower. Normal expenses are those
that are incurred for the specific proceeding.

SPONSOR: Robert O'Brien

**MOLOKAI PUBLIC UTILITIES, INC.'S RESPONSES
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WMA-IR-MPRT-114

In Exhibit MPU-R-9, page 3, the amount of \$112,972 is shown for legal only expenses for "discovery." Please explain how the amount was arrived at, when an additional \$47,436 was charged for the same 4 year period by Witness O'Brien, who appears to be the sponsor for every Response to the Information Requests by Consumer Advocate, WMA, and County of Maui.

RESPONSE:

The category "discovery" is somewhat of a misnomer and does not accurately depict the activities/ legal services rendered and the associated legal fees incurred by the Company for the period following the filing of the Amended Application. As noted in Exhibit MPU-R-9, the \$112,972 in legal fees covers the time period following the filing of the Amended Application and through December 31, 2009. During this period, there were significant procedural type activities involved which required legal effort. In addition to assisting in the preparation, review, and filing of the hundreds of responses to the information requests issued collectively by the Consumer Advocate, WMA, and the County of Maui, MPU's counsel was significantly involved in

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WMA-IR-MPRT-114 (cont.)

(a) the review of the Motions to Intervene filed by WMA, Stand for Water, and the County of Maui; (b) discussing the validity of such Motions with MPU; (c) and researching, drafting and filing of the respective Memorandums in Opposition to the three separate Motions to Intervene. MPU's counsel, out of necessity, took the lead in (a) drafting a proposed Stipulated Procedural Order and associated regulatory schedule of proceedings; (b) negotiating and coordinating the Order and schedule with the other parties; (c) drafting a proposed Stipulation for Protective Order with all parties' counsel or representatives; and (d) working with opposing counsel on various procedural matters, including compliance with various procedures involving the timely exchange of electronic files covering discovery requests etc. In addition, because of the significant amount of confidential documents that were being disclosed in this proceeding by MPU pursuant to the Protective Order, much effort was required by MPU's counsel to insure the documents were properly protected, redactions made to remove confidential

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WMA-IR-MPRT-114 (cont.)

personal identifiable information, and other safeguards taken. All of these activities, which are normally part of the rate case process, were more complicated and time consuming because to the significant intervention in this proceeding.

SPONSOR: Robert O'Brien

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WMA-IR-MPRT-115 In your Exhibit MPU-R-10, you indicate an average of \$35,125 expended for an evidentiary hearing, presumably extending for no more than 2 days, but normally 1 day (average 1.5 days). How is it that an average 1.5 day hearing costs \$23,416 per day, on average?

RESPONSE: The costs estimated for the hearing also includes the providing of post hearing briefs. Referring, for example, to MPU-R-10, line 6, column 4, the \$40,000 estimated for this phase would include preparation for the hearing, which includes witness preparation for direct testimony and also for cross-examination and also time and expenses for the travel, lodging, transcripts as well as time for the actual hearings at the Commission. As shown on MPU-R-9, the \$40,000 estimated as part of the filing has been increased to reflect the intervention that has been authorized in this proceeding. The Company would request that the final costs for the hearings be updated so that only the actual expenses would be included, to the extent possible, in the final rate case expenses.

SPONSOR: Robert O'Brien

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WMA-IR-MPRT-116

- a. On page 5, lines 10-11, you indicate that the rate per TG for water delivered at the Kualapuu tap is tariffed at \$1.250. Please document your source for the \$1.250 rate.

RESPONSE:

Mr. O'Brien's testimony on page 5, lines 10-11 is incorrect. The correct rate per TG for water delivered at the Kualapuu tap is \$1.125.

- b. On your Exhibit MPU-4 page 2 of 2, which purports to be the existing (i.e. temporary) rate, the amount shown for "bulk water sales per month per thousand gallons" is indicated as \$1.125. If this is incorrect, please explain. If it is correct, please document your source for the \$1.250 used in your rebuttal testimony and exhibits.

RESPONSE:

The rate on Exhibit MPU 4 is correct. The \$1.25 rate was incorrectly included in the testimony and on Exhibit MPU-R-3, page 2 of 2. The error was caused by reference to data from the Company's original filing in March 2009 which had the incorrect rate included on Exhibit MPU-11 on line 12 in column 3. A review

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WMA-IR-MPRT-116 (cont.)

of the Company's approved tariff and current billing records confirms that the correct tariff rate for the bulk sales is \$1.125 at both the permanent rate and the temporary rate. A corrected Exhibit MPU-R-3, pages 1 and 2 is included as Attachment MPRT-116b.

- c. In your Exhibit MPU-5, page 2 of 2, the two phased-in rates for bulk water sales are \$2.23 and \$3.3984, respectively. Please indicate how these two amounts were derived.

RESPONSE:

If the \$2.23 amount referred to above should have been the \$2.8301, which is the amount shown for the bulk water sales on page 2 of Exhibit MPU-5 for the first phase increase, then, referring to Exhibit MPU 11.4, the \$2.8301 on line 13 in column 6 was calculated at 75% (line 2) of the difference between the final bulk water rate of \$3.3984 on line 13, column 12 and the present rate of \$1.125 shown on line 13, column 3 plus the present rate. $\$3.3984 - \$1.1250 = \$2.2734 * .75 = \$1.70505 + \$1.125 = \2.8301

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WMA-IR-MPRT-116 (cont.)

- d. Explain how those two proposed bulk rates are cost-based.

RESPONSE: The Company has not made the contention either rate was cost based.

- e. If WMA understands MPUI's testimonies and Exhibits, the cost of the delivery of water at the Kualapuu tap is significantly less per TG, then the water delivered to WOM (downstream of the Puunene Water Treatment Facility). Please explain the rationale for using the same rate when the cost of delivery of water at two, distant separate points would appear to be substantially different.

RESPONSE: The Company has not made any calculations to determine what the cost basis differences are between the two locations and therefore cannot provide the explanation requested.

SPONSOR: Robert O'Brien

ATTACHMENT
WMA-IR-MPRT-116b

Exhibit MPU-R-3
Page 1 of 2Exhibit MPU 11
Docket No. 2009-0048
Witness O'Brien
Page 1 of 1Molokai Public Utilities, Inc.
Revenues
Test Year Ending June 30, 2010

Line #	Description	[1] Meter Size	[2] # of Cust Bills Or Water Usage	[3] Monthly Rate	[4] Annual Revenue [2] * [3]	[5] Total Revenue	[6] Monthly Rate	[7] Annual Revenue [2] * [6]	[8] Total Revenue	[9] Monthly Rate	[10] Annual Revenue [2] * [9]	[11] Total Revenue
1	Rate Increase Percent										201.497%	
Monthly Customer Charge												
2	# of Customers (250)	5/8" Meter	2,398	\$11.25	\$ 26,978		\$11.25	\$ 26,978		\$34.00	\$81,532	
3	# of Customers (251)	1.0" Meter	12	\$15.00	180		\$15.00	180		\$45.00	540	
4	# of Customers (253)	1.5" Meter	12	\$22.50	270		\$22.50	270		\$68.00	816	
5	# of Customers (254)	2.0" Meter	36	\$37.50	1,350		\$37.50	1,350		\$113.00	4,068	
6	# of Customers (255)	3" Meter	26	\$75.00	1,950		\$75.00	1,950		\$226.00	5,876	
7	# of Customers (257)	6" Meter	60	\$225.00	13,500		\$225.00	13,500		\$678.00	40,680	
8	# of Customers (258)	8" Meter	24	\$375.00	9,000		\$375.00	9,000		\$1,131.00	27,144	
9	Sub-Total					\$53,228			\$53,228			\$160,656
Water Usage Charge												
10	Water Use for Test Year (000 gallons)		112,000	\$ 3.18	356,160		\$ 6.04	676,480		\$9,606.1	1,075,883	
11	Water Delivered to Wai'ola at Kualapuu Tap		26,000	\$ 1.1250	29,250		\$ 1.1250	29,250		\$3,398.4	88,358	
12	Total Water Sales		138,000									
13	Usage Revenue					385,410			705,730			1,164,241
14	Total Revenue					\$ 438,638			\$ 758,958			\$ 1,324,897
15	Revenue Increase To Temporary Rates							\$320,320				1,745,679
16	Revenue Increase over Temporary Rates									\$ 565,939		
16A										74.57%		
17	Total Revenue Increase from Present Rates										\$886,259	

EXHIBIT MPU-R-3

Page 2 of 2

Exhibit CA-121
Docket No. 2009-0048
Witness O'Brien
Page 1 of 1

Molokai Public Utilities, Inc.
Revenues
Test Year Ending June 30, 2010

		[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	
			# of Cust Bills Or Water Usage	Base Rates Effective 8-1-03			Temporary Rates Effective 9-1-08			Proposed Rates			
Line #	Description	Meter Size		Monthly Rate	Annual Revenue [2] * [3]	Total Revenue	Monthly Rate	Annual Revenue [2] * [6]	Total Revenue	Monthly Rate	Annual Revenue [2] * [9]	Total Revenue	
1	Rate Increase Percent									109.369%			
Monthly Customer Charge													
2	# of Customers (250)	5/8" Meter	2,350	\$11.25	\$ 26,438		\$11.25	\$ 26,438		\$24.00	\$56,400		
3	# of Customers (251)	1.0" Meter	12	\$15.00	180		\$15.00	180		\$31.00	372		
4	# of Customers (253)	1.5" Meter	12	\$22.50	270		\$22.50	270		\$47.00	564		
5	# of Customers (254)	2.0" Meter	36	\$37.50	1,350		\$37.50	1,350		\$79.00	2,844		
6	# of Customers (255)	3" Meter	26	\$75.00	1,950		\$75.00	1,950		\$157.00	4,082		
7	# of Customers (257)	6" Meter	60	\$225.00	13,500		\$225.00	13,500		\$471.00	28,260		
8	# of Customers (258)	8" Meter	24	\$375.00	9,000		\$375.00	9,000		\$785.00	18,840		
9	Sub-Total		2,520			\$52,688			\$52,688			\$111,362	
											109.474%		
Water Usage Charge													
10	Water Use for Test Year (000 gallons)		103,900	\$ 3.18	330,402		\$ 5.04	627,556		\$6.6613	692,109		
11	Water Delivered to Wai'ola at Kualapuu Tap		22,900	\$ 1.1250	25,763		\$ 1.1250	25,763		\$2.3566	53,966		
12	Total Water Sales		126,800										
13	Usage Revenue					356,165			653,319			746,075	
14	Total Revenue					\$ 408,853			\$ 706,007			\$ 857,437	
15	Revenue Increase To Temporary Rates							\$297,154					
16	Revenue Increase over Temporary Rates									\$ 151,430			
16A							Percent Increase over temporary Rates			21.45%			
17	Total Revenue Increase from Present Rates										\$448,584		

MOLOKAI PUBLIC UTILITIES, INC.'S RESPONSES
TO WEST MOLOKAI ASSOCIATION'S INFORMATION REQUESTS
REGARDING MPUI'S REBUTTAL TESTIMONIES AND EXHIBITS

DOCKET NO. 2009-0048

WMA-IR-MPRT-117 On page 46, line 17, you indicate MPUI's reliance on Exhibit WMA-204 for your conclusion that WMA's leak analysis/fuel costs, supports MPUI's calculation.

RESPONSE: Mr. O'Brien does not state that WMA-204 supports MPU's calculation at that testimony reference. Mr. O'Brien states that "...the calculations presented on Exhibit WMA-204 provide a similar analysis for the water difference...".

a. Isn't it correct that the appropriate reference for MPUI's calculations based on WMA would be figures in Exhibit WMA-203, and not Exhibit WMA-204? (See attached copies of the relevant pages.)

RESPONSE: No, Exhibit WMA-203 would not be the appropriate reference. The analysis on MPU-R-3 does not reflect actual water losses or unaccounted data. The analysis on MPU-R-3 uses a 10 percent factor for the lost and unaccounted for water plus the known uses at MIS and for the backwash process.

b. *Assuming calculations of MPUI were reliant upon Exhibit WMA-203, rather than Exhibit WMA-204 (both attached), the water difference between what is*

**MOLOKAI PUBLIC UTILITIES, INC.'S RESPONSES
TO WEST MOLOKAI ASSOCIATION'S INFORMATION REQUESTS
REGARDING MPUI'S REBUTTAL TESTIMONIES AND EXHIBITS**

DOCKET NO. 2009-0048

WMA-IR-MPRT-117 (cont.)

pumped at Well No. 17 and what is recorded as sold
to customers would be dramatically different.

RESPONSE:

MPU has not made calculations that were reliant on
the data presented in Exhibit WMA-203 and therefore
does not have the comparative data. However, the
Company believes the results would be different if
other data were used.

SPONSOR:

Robert O'Brien

**MOLOKAI PUBLIC UTILITIES, INC.'S RESPONSES
TO WEST MOLOKAI ASSOCIATION'S INFORMATION REQUESTS
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WMA-IR-MPRT-118

On page 15, lines 1-3, MPUI states the following:

"The company would agree that, once the known uses of water are accounted for, a maximum percent for lost and unaccounted for water should be 10%."

- a. Is the company stating that it is agreeing to a maximum percent for lost and unaccounted for water being set at 10%?

RESPONSE:

The Company's statement is that, "...once the known uses of water are accounted for, a maximum percent for lost and unaccounted for water should be 10%."

This 10% would be in addition to the known uses of water for the MIS retention of 10% of the water delivered to it as required by contract and the known use of between 9% and 11% for the backwash process. With those two clarifications to the question, it correctly reflects the Company's position and agreement

- b. Assuming water has properly been accounted for two known uses (i.e. MIS evaporation and water treatment

MOLOKAI PUBLIC UTILITIES, INC.'S RESPONSES
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WMA-IR-MPRT-118 (cont.)

backwash), is MPUI agreeing to a 10% maximum
percentage for lost and unaccounted for water?

RESPONSE: Yes, see the response to part "a' above.

SPONSOR: Robert O'Brien

MOLOKAI PUBLIC UTILITIES, INC.'S RESPONSES
TO WEST MOLOKAI ASSOCIATION'S INFORMATION REQUESTS
REGARDING MPU'S REBUTTAL TESTIMONIES AND EXHIBITS

DOCKET NO. 2009-0048

WMA-IR-MPRT-119 Regarding water losses at the Puunana Water Treatment Plant:

- a. Why did MPU select the US Filter "Trimite" process/equipment for the WTP upgrade completed in September 2005?

RESPONSE: The selection was made by Mr. Harold Edwards who was in charge of the water operations at that time. It is the Company's understanding (Mr. Edwards is no longer with the Company) that the US Filter product was the best fit for the needs of MPU in both cost and operation. See also MPU's response to CA-IR-80b.

- b. Did MPU consider alternative water treatment processes/designs that offered lower process losses? If so, please identify each alternative design or process considered, and briefly explain the rationale for its rejection. If not, why?

RESPONSE: Again, it is the Company's understanding that other options that could have reduced the water requirement for the treatment process would have resulted in a higher acquisition cost for the facilities.

**MOLOKAI PUBLIC UTILITIES, INC.'S RESPONSES
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DOCKET NO. 2009-0048

WMA-IR-MPRT-119 (cont.)

- c. Please explain the reasons for not installing flow meters and/or other instrumentation to accurately measure/record the actual backwash water flows, given the longstanding concerns regarding this issue.

RESPONSE: Installation of flow meters and other equipment, plus the time to maintain and document the results of the readings would have created an additional cost and were not considered required for the provision of water service to customers.

SPONSOR: Robert O'Brien

CERTIFICATE OF SERVICE

I (we) hereby certify that copies of the foregoing document were duly served on the following parties, by having said copies delivered as set forth below:

MR. DEAN NISHINA Executive Director Department of Commerce and Consumer Affairs Division of Consumer Advocacy 335 Merchant Street, Suite 326 Honolulu, Hawaii 96813	3 copies Hand Deliver
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MARGERY S. BRONSTER, ESQ. JEANNETTE H. CASTAGNETTI, ESQ. Bronster Hoshibata 2300 Pauahi Tower 1003 Bishop Street Honolulu, HI 96813	1 copy Hand Deliver
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Attorneys for the COUNTY OF MAUI


WILLIAM W. MILKS, ESQ. Law Offices of William W. Milks ASB Tower, Suite 977 1001 Bishop Street Honolulu, HI 96813	1 copy Hand Deliver
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Attorney for WEST MOLOKAI ASSOCIATION

ANDREW V. BEAMAN, ESQ. Chun Kerr Dodd Beaman & Wong, LLLP Topa Financial Center, Fort Street Tower 745 Fort Street, 9 th Floor Honolulu, HI 96813	1 copy Hand Deliver
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Attorney for MOLOKAI PROPERTIES LIMITED

DATED: Honolulu, Hawai'i, February 24, 2010.



MICHAEL H. LAU, ESQ.
YVONNE Y. IZU, ESQ.

Moriwara Lau & Fong LLP
Attorneys for MOLOKAI PUBLIC UTILITIES, INC.